

NEWS RELEASE

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MINNEAPOLIS AREA Association
of REALTORS®



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SAINT PAUL AREA ASSOCIATION OF REALTORS®

2014 Annual Wrap-Up: Recovery Continues, Market Normalizing

Minneapolis–Saint Paul, Minnesota (January 14, 2015) – Strong demand and higher prices were some of the positive developments seen in 2014. Market recovery continued to take hold. Sellers were motivated by rising prices and quick market times, and so they listed more properties for sale. Closed sales activity ended the year at the second highest level since 2005. Even though the active supply of homes for sale fell to a 12-year low, home buyers had more choices during the critical spring and summer selling season. Homes sold in less time, which was great news for sellers. Absorption rates were flat and still slightly favored sellers but 2015 should see more balance. Foreclosure activity fell for a third straight year, while new construction and condo activity continued to soar in and around downtown.

2014 by the Numbers

- **Sellers** listed 73,768 properties on the market, a 2.3 percent increase from 2013 and the highest level since 2010
- **Buyers** closed on 49,541 homes, down 6.9 percent from 2013 yet the second highest figure since 2005
- **Inventory** levels for December fell 7.2 percent from 2013 to 11,822 units, the lowest level in 12 years but May 2014 inventory was 13.4 percent higher than May 2013.
- **Months Supply of Inventory** was flat at 2.9 months, tied for a 12-year low
- The **Median Sales Price** rose 7.2 percent to \$205,739, marking a seven-year high
 - This measure of home prices is 11.8 percent below its 2006 peak and 37.2 percent above its 2011 valley
- Cumulative **Days on Market** was down 6.0 percent to 78 days, on average—an eight-year record pace
- **Lender-mediated** properties made up a significantly smaller share of overall activity across multiple metrics
 - 12.2 percent of all **New Listings** were lender-mediated (either foreclosures or short sales), down from 21.6 percent in 2013 and 34.7 percent in 2012
 - 16.4 percent of all **Inventory** was lender-mediated, down from 26.1 percent in 2013 and 38.7 percent in 2012
 - 16.5 percent of all **Closed Sales** were lender-mediated, down from 26.3 percent in 2013 and 39.7 percent in 2012

Potent Quotables

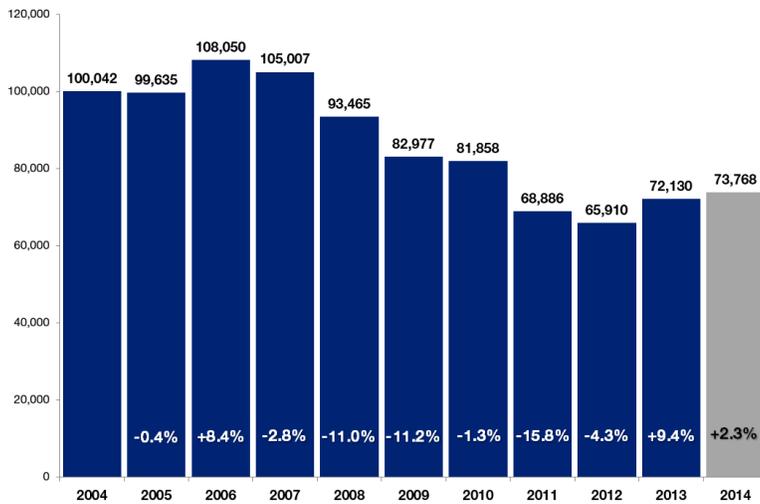
"We are still quite pleased with this recovery. The increase in seller activity helped to alleviate some shortages while persistently low interest rates and more job opportunities helped drive buyer activity to the second strongest level since 2005," said Mike Hoffman, President of the Minneapolis Area Association of REALTORS®.

"When it comes to inventory and housing availability, the market is returning to more solid footing," said Tom Weiner, President of the St. Paul Area Association of REALTORS®. "The number of new listings and closed sales of lender-mediated properties is less than half of what it was in 2012. This positions the for-sale inventory to enjoy higher values in 2015."

Improvements in the local economy will boost the Twin Cities real estate market in 2015. The outlook is positive: job and GDP growth are both accelerating, interest rates remain attractive and the lowest unemployment rate of any major metro area suggest 2015 should be another good year.

For other year-end residential real estate statistics and for stand-alone December 2014 data, please visit www.spaar.com and www.mplsrealtor.com.

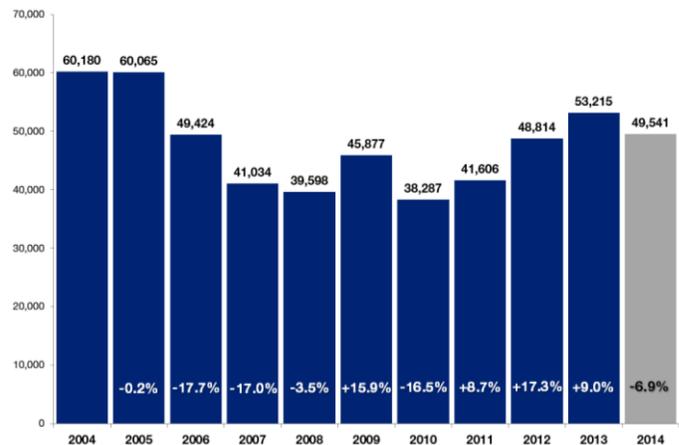
Year in Context – 2014 New Listings



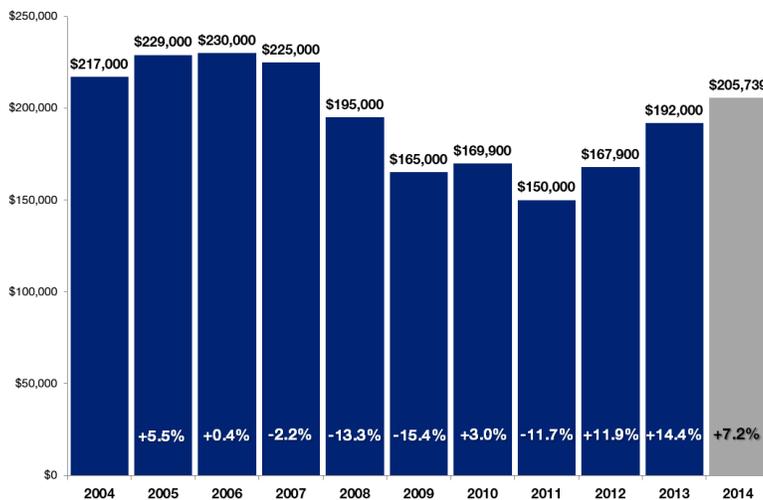
Sellers posted their second annual gain in eight years. New listings were up 2.3 percent compared to 2013. That marks a 4-year high for seller activity, thanks to rising prices and more confidence. With record market times and multiple offers still common, buyers are likely to have even more options in 2015.

Even while overall sales declined 6.9 percent, they're at the 2nd highest level since 2005. Driven by low interest rates, affordable prices, rising rents and an improving economy, housing demand is still strong. The decline is attributable to a decrease in foreclosure activity. Traditional closed sales were up 5.6 percent for the year.

Year in Context – 2014 Closed Sales



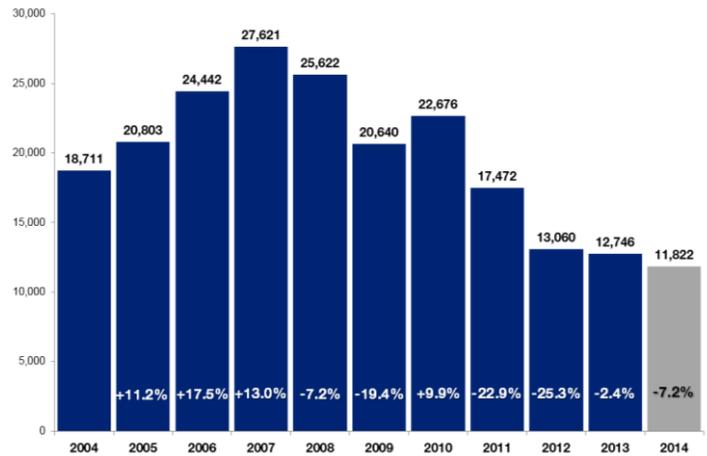
Year in Context – 2014 Median Sales Price



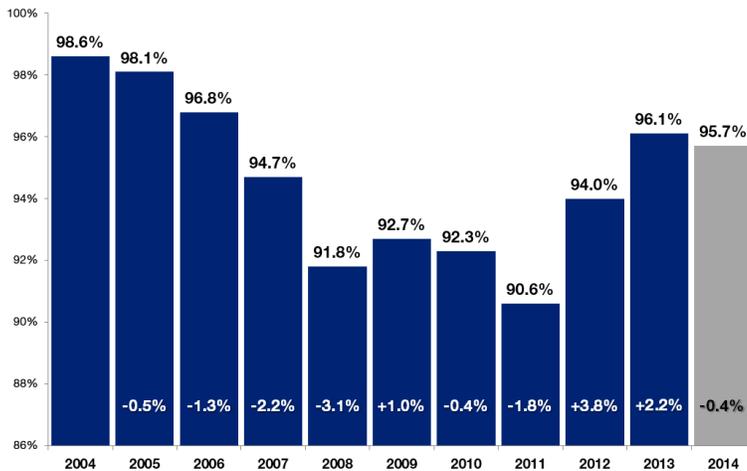
With less supply and heavily discounted foreclosures less prevalent, the median sales price rose 7.2 percent in 2014. This marks a seven-year high. The rate of increase slowed from 2013, due to more inventory and other factors. Rising prices can lift homeowners "above water" and also replenish local tax bases.

Inventory levels fell for a 4th straight year, ending at a 12-year low. The number of homes for sale decreased 7.2 percent from 2013. With still relatively strong demand, this supply-side constraint has resulted in competitive bidding on certain listings. Even though active supply levels ended the year lower than in 2013, May 2014 inventory levels were 13.4 percent higher than May 2013.

Year in Context – 2014 Inventory



Year in Context – 2013 Percent of Original List Price Received at Sale



In part because of more inventory during the year, sellers yielded a slightly lower share of their asking price. On average, this figure is up 2.2 percent from 2012 to 96.1 percent. That also reflects the prevalence of multiple offers received by sellers. This is further evidence that the landscape for sellers has improved immensely.

Homes are selling in record time. On average, a listing spent 78 days on the market, 6.0 percent fewer than in 2013. That is approximately half the market time seen in 2008. Among other trends, the fact that homes are selling in less time at higher price points should reinforce seller confidence. That's critical for sellers to list even more properties, which would benefit home buyers.

Year in Context – 2014 Days on Market

